
NORTH AYRSHIRE COUNCIL

4 June 2026

Audit and Scrutiny Committee

Title: Corporate Fraud Team Annual Report 2025/26

Purpose: To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team during 2025/26.

Recommendation: That the Committee notes the work carried out by the Corporate Fraud Team.

1. Executive Summary

- 1.1 The Corporate Fraud Team provides the Council with the capacity to investigate fraud both within and against the organisation.
- 1.2 Committee receives bi-annual updates on the work of the team. A mid-year update for 2025/26 was provided in November 2025 and this report provides an overview of the key activities and outcomes for the full year.

2. Background

Investigation Work

- 2.1 Referrals for investigation continue to be received from a range of sources, including Revenues and Benefits, Housing, members of the public, and other agencies and local authorities. The publicity used by the team, including posters and leaflets, and contact information on the Council website, continues to be successful in generating a stream of referrals.
- 2.2 Investigations have been undertaken across a range of areas, including employee-related matters, Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and housing tenancy issues. While responsibility for investigating Housing Benefit fraud now lies with the DWP's Single Fraud Investigation Service (SFIS), the Corporate Fraud Team may identify issues that result in changes to benefits in payment. Formal joint working arrangements are in place with the DWP for cases where there are suspected frauds relating to both DWP benefits and Council Tax Reduction.
- 2.3 The team investigates all tenancy abandonments referred by Housing. While Housing focus on recovering the tenancy, the Corporate Fraud Team can add

value by locating the missing tenant, which can often lead to changes to benefits or discounts in payment elsewhere, as well as enabling Housing to recover rent arrears that would not have otherwise been recovered and the costs associated with house clearances and cleaning.

- 2.4 Employee-related investigations are reported separately to the relevant service. The findings are also reported to the Audit and Scrutiny Committee as each investigation is concluded.

Outcomes 2025/26

- 2.5 The team received 338 referrals for investigation during 2025/26 (2024/25: 331 referrals). All referrals made to the team are investigated although many can subsequently prove unfounded. The Corporate Fraud Team investigate 100% of the referrals made.
- 2.6 318 cases were closed during 2025/26 (2024/25: 359 cases). These can be categorised as follows:

Outcome	Number of Cases
Closed with no issues identified	163
Referred to another agency (including SFIS) or Council Service for investigation	55
Closed with results achieved (fraud, error or other recovery/action)	100
TOTAL	318

- 2.7 Fraud and error, totalling £0.103m, were identified and are categorised in the table below:

Category	Value (£000)
Housing Benefit	1.7
Council Tax (including CTR, Single Person Discount and other recoveries)	62.5
Business Rates (including the recovery of arrears)	27
Discretionary Housing Payments	0.2
Care Fees	1.7
Other (including payments to employees (e.g. salary, time, travel etc.))	10.2
TOTAL	103

- 2.8 In addition to the financial outcomes noted above, other outcomes/benefits were noted as follows:

- 52 tenancies were recovered by Housing with some assistance from the Corporate Fraud Team.
- 45 referrals were made to the Single Fraud Investigation Service.
- 18 referrals were made to other services, local authorities or agencies.
- In respect of blue badge cases investigated, 2 cases concluded with a warning letter to the badge holder (2024/25: 15 warning letters), 3 warning letters were issued to third parties (2024/25: 13 warning letters), 7 expired badges were recovered (2024/25: 7 badges recovered), 3 forged/counterfeit badges were

recovered (2024/25: 0 badge recoveries) and 1 badge was cancelled/revoked/refused (2024/25, 0)

- 11 verbal warnings for blue badge misuse were issued to the badge holder and 7 to a third party (2025/26 is the first year these are being recorded and reported upon in this form)
- 19 investigations resulted in updates and corrections to records.
- 4 tenancy checks were undertaken. No issues were identified.
- 1 referral made resulted in Council fraud alerts being disseminated.
- 2 internal investigation reports have been taken forward and reported to the Audit & Scrutiny Committee, with recommended actions for control improvements.

International Fraud Awareness Week (IFAW)

- 2.9 International Fraud Awareness Week took place from 16 – 22 November 2025. IFAW was promoted throughout North Ayrshire Council by social media campaign.

National Fraud Initiative (NFI)

- 2.10 The NFI is a long-established exercise which takes place across the UK every two years and involves the matching of relevant datasets across public bodies to identify possible fraud or error for further investigation.
- 2.11 The corporate Fraud Team provide a coordinating role for the Council and the 2024/25 NFI and ReCheck exercise (an additional data matching service which compliments the NFI) has now concluded. With data sets submitted to the cabinet office in Autumn 2024 and matches being released throughout 2025, services had until March 2026 to investigate matches.
- 2.12 It is expected that, in Summer 2026, final outcomes on the exercise will be reported by Audit Scotland. Thereafter, the Audit and Scrutiny Committee will receive details of the full results as they relate to North Ayrshire Council.

Compliance with the Code of Practice

- 2.13 CIPFA published their Code of Practice on *Managing the Risk of Fraud and Corruption* in 2014. The Code covers five key principles which are to:
- Acknowledge the responsibility of the governing body for countering fraud and corruption;
 - Identify fraud and corruption risks;
 - Develop an appropriate counter fraud and corruption strategy;
 - Provide resources to implement the strategy; and
 - Take action in response to fraud and corruption.
- 2.14 Each principle has specific steps which are required to be met in order to comply with the Code. A self-assessment against the Code, its principles, and its specific steps has been carried out. Having considered these principles, it is concluded that North Ayrshire Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.
- 2.15 Further strengthening of compliance against the Code, such as the introduction of formalised risk assessments across the Council, is planned in 2026/27.

3. Proposals

- 3.1 It is proposed that the Committee notes the work carried out by the Corporate Fraud Team.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The work of the Corporate Fraud Team helps to support the efficient delivery of the strategic priorities within Our Council Plan 2023-2028.

Community Wealth Building

4.7 None.

Islands Communities Impact Assessment (ICIA)

4.8 None.

United Nations Rights of the Child ((UNCRC)

4.9 None.

Consumer Duty

4.10 None.

5. Consultation

5.1 No consultation has been required in the preparation of this report.

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For further information please contact **Paul Brown, Senior Manager (Audit, Fraud, Safety, Risk & Insurance)**, on **01294 324360**.

Background Papers

None